Melbourne Airport rail link

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<tr>
<td>ACCC</td>
<td>Australian Competition and Consumer Commission</td>
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<tr>
<td>ALC</td>
<td>Airport Link Company</td>
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<tr>
<td>ARA</td>
<td>Australasian Railways Association</td>
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<tr>
<td>BAH</td>
<td>Booze Allen Hamilton</td>
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<tr>
<td>BOOT</td>
<td>Build, own, operate and transfer</td>
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<tr>
<td>FAL</td>
<td>Forrestfield-Airport Link</td>
</tr>
<tr>
<td>GSP</td>
<td>Gross State Product</td>
</tr>
<tr>
<td>HSR</td>
<td>High Speed Rail</td>
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<tr>
<td>MALAS</td>
<td>Melbourne Airport Landside Access Strategy</td>
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<tr>
<td>MARL Study</td>
<td>Melbourne Airport Rail Link Study</td>
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<td>MMT</td>
<td>Melbourne Metro Tunnel</td>
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<tr>
<td>PTUA</td>
<td>Public Transport Users Association</td>
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<td>PTV</td>
<td>Public Transport Victoria</td>
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<td>RPG</td>
<td>Rail Projects Group</td>
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<td>RTL</td>
<td>Rapid Transit Link</td>
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<td>SAMC</td>
<td>Surface Access Monitoring Committee</td>
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</table>
Executive Summary

This paper journeys through the long history of a proposed rail link between Melbourne and its airport at Tullamarine. The paper is separated into three main sections.

The first section is presented in broadly chronological order and discusses:

- The early history from the first attempt to reserve a rail corridor to the innovative rail options proposed in the 1970s which were largely influenced by rail technology developments in Europe;
- The 1980s, and the federal-state government partnership to develop a strategy to address ‘landside access’ issues for the airport;
- The 1990s, which saw the beginning of partnerships with the private sector to invest in transport infrastructure; and the first feasibility study to identify the most appropriate route for reservation for an airport rail corridor on relevant planning schemes; and
- The 2000s where the involvement of private sector investment initiated further feasibility studies to discern the commercial viability of an airport rail link; accompanied by lobbying from various interest groups.

The section ends with the 2016 recommendations for future transit options for travel to the airport.

The second and third sections then briefly discuss:

- Melbourne Airport and its operational and regulatory environment—providing some context on its position in regard to the rail link; and
- Comparative studies in the literature on airport rail links around the world and factors that impact on their patronage, before turning to the Australian examples.
Introduction

In the 2017-18 state budget, the Andrews Labor Government committed $10 million towards a business case for the Melbourne Airport rail link. The federal Turnbull Coalition Government subsequently committed $30 million to the business case in its 2017-18 federal budget.

The Victorian government is in a position to bid for a share in the federal $10 billion National Rail Program—a Commonwealth Government funding commitment for urban rail projects over the next ten years. This is, however, premised on the business case which, according to the Herald Sun newspaper, has to be a priority for the Andrews Government.

This was the latest investment in what has been a nearly 50-year gestation period for this infrastructure project.

Much of the discussion concerning an airport rail link revolves around:

- The best route and integration with existing transport networks;
- Easing of congestion on Tullamarine Freeway;
- Competition with other modes of (road) transport and patronage levels; and
- Airport Corporation priorities.

The paper will look at the history of the proposed airport rail link—the policies, major proposals and feasibility studies—through Hansard debates, government reports, and media comment. Melbourne Airport, including its current regulation, master plans, passenger and employee traffic and revenue, will also be considered. The final section will look briefly at the question, ‘Why build?’ and will discuss the literature concerning policies on airports and transport mode shares, as well as the experiences of airport rail links in Australia.

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1 J. Allan, Minister for Public Transport (2017) Plan to partner with the private sector on Airport Rail, media release, 30 April.
2 P. Fletcher, Minister for Urban Infrastructure (2017) Melbourne to Tullamarine Airport rail Link one step closer with $30 million business case, media release, 11 May.
History

1965: The first Bill

The Glenroy Tullamarine Railway Construction Bill 1965 was introduced during the Bolte Government on the 27 April 1965 by the Minister of Transport, Edward Meagher. The Bill was to enable the acquisition of land for the construction of a proposed rail link from Glenroy to Tullamarine. The Bill sought to reserve land for railway purposes under the Melbourne and metropolitan planning scheme. Construction of Melbourne airport had commenced in September 1964 at Tullamarine, on land acquired by the Commonwealth Government in 1959.

According to the Minister’s second reading speech, early acquisition of the land would enable an administrative act of the government of the day to commence construction of the proposed rail link without further legislation. It would also minimise both interference to property owners as well as costs for land acquisition. The Minister added that construction of a rail link at that time was not proposed and would not be justified until the completion of the airport at Tullamarine.

The proposed rail line formed part of the long-term plan for the future development of the suburban railway network as recommended to the Metropolitan Transportation Committee by the Railway Department. According to the Minister:

> It would ensure that Melbourne’s new airport will not suffer from lack of adequate fast public transport linking it with the city and suburbs, and at the same time will provide essential public transport for the large population expected eventually to reside in the area zoned for housing purposes between Moonee Ponds creek and the airport buffer zone.

The funds required for land compensation under this legislation will be provided under the Railway Loan Applications Acts as acquisition actually takes place.

In the concluding remarks to the second reading, the Minister went on to state that:

> It is generally accepted that the biggest problem of the air age is the contrast between the time spent in the air and the time spent on the ground travelling between the airport and the city centre. Melbourne is fortunate in that its new airport, although 14 miles from the city centre, is so located that...
it can be conveniently linked with the suburban railway network, thus providing fast, cheap and convenient access to the city and suburbs for air passengers, visitors and airport workers who do not desire to use their cars. The fact that the rail link necessary for this purpose will also serve what is destined to become a heavily populated outer suburb will add considerably to its earning power.\textsuperscript{10}

The Minister further added that:

\begin{quote}
The estimated cost of land acquisition for the line, at current values, is not more than £100,000. Although no immediate return will be received ... it must be regarded as a wise investment for the future.\textsuperscript{11}
\end{quote}

In response to a question on how long the rail journey would take, Hon Vance Dickie, Minister for State Development, responded that the express trains between Tullamarine and the city terminal would take about fourteen minutes.\textsuperscript{12}

During the parliamentary debate on the Bill, Vernon Christie (Member for Ivanhoe) also spoke in favour of the proposal, arguing that:

\begin{quote}
It is ridiculous that with Tullamarine it will take as long to travel to or from the centre of the city as it will take to fly from Melbourne to Sydney. ... A jetport isolated by road and traffic congestion will not be a great advantage to this city, but a jetport connected by the permanent way to Spencer-street railway station, with a 20-minute journey, would be of advantage to this great city.\textsuperscript{13}
\end{quote}

The Opposition parties at that time opposed the Bill on the grounds that it would not receive the level of patronage from air passengers or airport employees for the service to be viable, with competition from the airways’ bus services, taxis, private cars and company vehicles. There was also disagreement regarding the route, with suggestions that the existing Broadmeadows–Albion goods line be used instead for reasons of construction costs, and to provide a public transport service for the growing population and development around Keilor East, Avondale Heights and Airport West.\textsuperscript{14}

The Tullamarine Freeway\textsuperscript{15} was also part of the Melbourne and Metropolitan Board of Works planning scheme, and estimated to cost £4 million for its construction. Mr Kevin Holland, speaking on the Bill, argued that ‘judging from the number of people using motor vehicles these days, I should think that when the railway is built the majority of people will travel by car along the freeway.’ He went on to say that if in four years’ time the freeway was crowded with traffic, ‘a more concerted effort should be made to ensure that more public transport, rather than freeways, is planned at this stage.’\textsuperscript{16}

When the Bill reached the Upper House, Labor and the Country Party Opposition voted for the Bill to be referred to the Public Works Committee for further investigation. The amended Bill, however, was

\begin{itemize}
\item \textsuperscript{10} ibid., p. 3374.
\item \textsuperscript{11} ibid.
\item \textsuperscript{13} V.H.C. Christie (1965) ‘Second reading: Glenroy to Tullamarine Railway Construction Bill, Debates, Victoria, Legislative Assembly’, 6 May, p. 3900.
\item \textsuperscript{14} J.T. Wilton (1965) ‘Second reading: Glenroy to Tullamarine Railway Construction Bill, Debates, Victoria, Legislative Assembly’, 6 May, p. 3895-3900.
\item \textsuperscript{15} Tullamarine Freeway was completed in 1970 to provide access to the new airport at Tullamarine which commenced operating in 1970 as an international airport. The Freeway has since then become the major route for non-airport traffic as well with the construction of the Western Ring Road in 1990s, and opening of CityLink in 1999. (Sinclair Knight Merz (2012) Melbourne Airport Landside Access Strategy: discussion paper prepared for Public Transport Victoria, Melbourne, PTV, p. 12)
\item \textsuperscript{16} K.M.S. Holland (1965) ‘Second reading: Glenroy to Tullamarine Railway Construction Bill’, Debates, Victoria, Legislative Assembly, 6 May, p. 3902.
\end{itemize}
not returned to the Legislative Assembly and eventually lapsed at the end of the parliamentary session.\textsuperscript{17} By December 1966, the rail link had not been referred to the Public Works Committee, and had not been included in the schedule of the Railway Loan Application Bill 1966.\textsuperscript{18} The 1969 \textit{Metropolitan transportation study} commissioned by the Metropolitan Transportation Committee did not refer to a rail link to the airport, but proposed an express bus service utilising the Tullamarine Freeway.\textsuperscript{19}

\textbf{1970s: The Aerotrain}

In May 1971, the Victorian Bolte Government authorised a feasibility study for a French-designed monorail system for the Melbourne Tullamarine route. The monorail was to be developed by a new company, Aerotrain (Australia) Pty Ltd, a subsidiary of a French company with half-interest acquired by three Australian companies.\textsuperscript{20}

The feasibility study, conducted by \textit{Société de l’Aérotrain} focused on the transport of air passengers to the airport, with a possible extension of the line to the ‘satellite’ town of Sunbury. The study was completed in October 1972 and recommended that the monorail line be powered by linear induction motors using a 13-mile, almost entirely elevated, double-deck guideway. The estimated cost for the entire infrastructure which included special bridges, electrification, stations and workshops (with 10\% for contingencies) at 1971 prices was $29.7 million. The calculations were made with 40-seat vehicles and passenger flows based on the Melbourne 1964 Traffic Survey.\textsuperscript{21} The cost of fares and travel times for the monorail estimated by \textit{Societe de l-Aerotrain} was reported to be ‘startling in comparison with other forms of transport’. The unsubsidised costs calculated for passengers was considerably cheaper than all except bus transport (see Table 1 below).\textsuperscript{22}

\textbf{Table 1: Travel from ‘home to airport counter’}

<table>
<thead>
<tr>
<th>Transport Type</th>
<th>Fare ($)</th>
<th>Travel Time (minutes)</th>
<th>Total Travel Time (minutes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aerotrain</td>
<td>1.30</td>
<td>8</td>
<td>16</td>
</tr>
<tr>
<td>Taxi</td>
<td>2.50</td>
<td>23</td>
<td>26.5</td>
</tr>
<tr>
<td>Bus</td>
<td>0.80</td>
<td>25</td>
<td>31</td>
</tr>
<tr>
<td>Personal car (parked)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>One person</td>
<td>2.20</td>
<td>23</td>
<td>35.5</td>
</tr>
<tr>
<td>Two persons</td>
<td>1.10</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Source: Looking at more sensible methods of transport, \textit{Canberra Times}, 17 January 1973)


\textsuperscript{18} J.M. Tripovich (1966) ‘Second reading: Railway Loan Application Bill’, \textit{Debates}, Victoria, Legislative Council, 8 December, pp. 2877. The 1967 Railway Loan Application Bill set out that works listed in the schedule of the Bill need not be submitted to the Public Works Committee before expenditure could be authorised, which had until then been a requirement for all railway works. (W.L. Floyd (1967) ‘Second reading: Railway Loan Application Bill’, \textit{Debates}, Victoria, Legislative Assembly, 21 November, p. 2164.)

\textsuperscript{19} Wilbur Smith and Associates and Len T. Frazer and Associates (1969) \textit{Metropolitan transportation study, vol. 3}, Melbourne, Metropolitan Transportation Committee, p. 44.


\textsuperscript{21} The survey carried out for the Metropolitan Transportation Committee by American consultants, Wilbur Smith and Associates and Melbourne firm, Len T. Frazer and Associates was completed in 1965, and published as part of the Committee’s \textit{Melbourne Transportation Study} of 1969.

At that time, though the Aerotrain was not yet operating commercially, it was being studied in the UK and the US and was receiving interest in Germany and Canada, and was considered a cheaper and more economic option than high-speed trains for intra and inter-city transport. The French Government of the day had authorised the first commercial Aerotrain for a 40 kilometre link between Paris and the town of Pontoise, which was expected to be in operation by 1977. These developments were occurring internationally as the OECD began a three-year study into integrated high-speed inter-city passenger transport in Europe to replace air transport on short journeys.

In Australia, the new federal Labor Government was about to announce a major national transport study. Comments in the media indicated that there was a need for an ‘overall, national examination of transport needs and possibilities’, with criticism aimed at the increasing capital investment in air transport, while rail transport was seen to have ‘remained in the nineteenth century’.  

Despite these developments, the Aerotrain never eventuated. The French government abandoned the project in 1974, citing it as an economic measure, followed by the sudden death of the Aerotrain’s inventor, Jean Bertin, in 1975.  

In June 1975 the federal Minister for Transport, Charles Keith Jones, lobbied for a federally controlled transport system which would provide a standardised bus and train network, rather than transport projects like the aero-trains and monorails, with the aim of providing an efficient public transport system. The Minister had examined transport systems internationally in the US, Canada and Europe and subsequently announced the federal government’s intention—with the co-operation of state engineers—to develop a prototype system similar to the Paris Metro which the Minister anticipated would be in production in two years.  

**1980s: Melbourne Airport Strategy**

In April 1984, the Victorian Cain Government published its first economic strategy, *Victoria: the next step*, which presented policies for international competitive growth. The economic strategy described the integration and modernisation of road and rail services as essential to exploit the ‘under-utilised asset’ of Melbourne Airport for the export of the state’s high quality agricultural produce. The commitment on the part of the government was to cooperate with the federal government in studies into maximising the potential of the airport and its land access.  

At this stage, the Commonwealth Department of Aviation with advice from the Victorian Ministry of Transport, was drawing up the master plan for Melbourne Airport. Considerations during this development phase included the Airport’s runways, as well as landside infrastructure options, which included road improvements and development of a rail link.

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23 ibid.  
27 ibid., p. 165.  
29 ‘Airside’ refers to areas specifically in the airport that are dedicated to the provision of aircraft-related services and facilities, and most passenger-related services and includes, for example, terminal buildings, runways and airport taxiways. ‘Landside’ generally refers to areas in the airport not established as airside areas, and include access roads and private vehicle parking, and other passenger access including walkways, private vehicle drop-off and pick-up, private and public buses, and trains. (Australian Competition & Consumer Commission (2015) *Airport monitoring report 2014-15*, Canberra, ACCC, p. v–vi ; Productivity Commission (2012) *Economic regulation of airport services*, Canberra, PC, p. 8)  
During this period, the federal government also foreshadowed the dismantling of the ‘Two Airline Policy’ for major domestic air services in its *Independent Review of Economic Regulation of Domestic Aviation* (the ‘May review’) of 1986—a move which the Victorian government supported. The ‘deregulation’ of the aviation industry would allow the entry of new airline operators and a level of competition that was anticipated to make air travel more accessible to a wider range of people and encourage growth in this market.

Melbourne Airport Surface Access Study
In April 1987, the release of *Victoria: the next decade* followed on from the 1984 economic policies of *Victoria: the next step*. The statement included initiatives for implementing a strategy to improve the use of Melbourne Airport. It also stated that steps were being taken to reserve land on the *Melbourne and Metropolitan Planning Scheme* for a rail link from the Broadmeadows line to the airport to provide a fast fixed rail public transport service that linked with the suburban and interstate networks. The rail link would be considered if it was justified by demand.

Also in 1987 the Melbourne Airport Strategy joint Commonwealth-State planning team, arranged for a study with updated information on travel to the airport. The study was completed in several stages and included surveys conducted in October 1987 by the Road Traffic Authority, the Federal Airport Corporation and consultants Ove Arup Transportation Planning. The study also emphasised the need for work to continue on establishing a reserve in the metropolitan planning scheme for a future rail link between Broadmeadows and the Airport. The *Landside strategy summary report* was produced in July 1988.

In September 1988, the consultants submitted the completed *Melbourne Airport Surface Access Study* report to the SAMC. The study provided survey data and analysis regarding travel to and from the airport terminals. It set parameters for the future planning of access and in particular, parking and traffic facilities.

In December 1988, the president of Eurail and marketing manager of Netherlands Railways, Mr Bert Wansink, was visiting Melbourne at the time when the Victorian government was about to investigate the possibility of a tram or light rail service between the city and the airport. Mr Wansink supported the development of a train or fast tram as ‘advisable and good for Melbourne to have some form of rail from the centre of the city to the airport’ as was the case in Europe. In describing the Dutch experience, Mr Wansink explained that assured connection to flights was key, and stated that ‘we guarantee everyone who catches a train will catch his or her plane’. The guarantee was rigidly enforced and for Melbourne’s airport-rail service to succeed, Mr Wansink advised similar standards of service.

1990s: Rapid Transit Link and Public Private Partnerships

1990–1992: Rapid Transit Link
In 1990, the Kirner Government initiated a new funding strategy for the airport rail link that would involve the private sector. In May 1991, the government released the *Infrastructure investment guidelines for Victoria*, flagging five projects to be developed in partnership with the private sector.

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36 Ibid.
37 Ibid.
including a Rapid Transit Link (RTL) to the airport. The Premier’s *Economic statement*, which was released in June 1991, announced that expressions of interest were being called for the establishment of the RTL, which would ‘offer a reliable, modern and affordable transport system’ linking Melbourne Airport and the northern region of the city:

The RTL will dramatically improve access to Melbourne Airport bringing major benefits to the business traveller and to the tourism industry. It will also provide workers and families in the northern suburbs of Melbourne with faster access to the city and their workplace … [and] enhance the Docklands precinct, by linking it to the Airport.

Preliminary estimates of the capital cost of the RTL to the private sector vary between $250m and $500m and commercial development opportunities, associated with the RTL, could increase the total project value by an additional $500 million and have similar large scale employment impact.38

The 1991–92 Budget papers stated that while the technology and route for the RTL had not as yet been selected, expected travel time between Spencer Street Station and Melbourne Airport would be 15 to 20 minutes. The Link would be complementary to, and integrated with, the existing transport system. Provision for the movement of freight was also being considered.39

Mr Robert Sercombe, Member for Niddrie, speaking in parliament on the proposal said:

> It will be a boost for tourism and business and should significantly ease congestion on the Tullamarine Freeway. In my opinion, although a number of options exist for the rapid transit link, close attention should be paid to the existing alignment of the Albion–Broadmeadows railway line because that offers significant advantages and collateral benefits by having the capacity to integrate with the normal public transport system which would benefit the residents of north-western suburbs.40

According to the 1992–93 Budget papers, registrations of interest had been received at that stage for the RTL. $940,000 was allocated to the development and assessment process for the privately funded project that would be part of the ‘transport hub’.41

The 1992–93 budget also allocated $1 million for the tourism industry under the *Priority Victoria*42 statement to promote Victoria’s tourism industry internationally in conjunction with the Australian Tourism Commission. This would in turn support efforts of the government, and the Committee for Melbourne,43 to encourage further development of Melbourne Airport and attract more international flights.44

**1993–1997: CityLink**

Following the October 1992 election, the incoming Kennett Government established the Department of Planning and Development.45 Robert Maclellan, the new Minister for Planning, set up an advisory

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43 A private organisation established by the business community to develop and promote Melbourne as a major world city. (Victorian Government (1987) op. cit., p. 32)
44 ibid., pp. 151-152.
45 The Department was created with the amalgamation of the former Department of Planning and Housing, the Office of Local Government, the major projects functions from the former Attorney-General’s Department, as well as some functions from the former Ministry of Ethnic, Municipal and Community Affairs (MEMCA).
committee referred to as the Projects Steering Committee, chaired by Les Perrott (the ‘Perrott Committee’). In its August 1993 report, the Perrott Committee recommended the government should ‘develop a rapid transit link to Tullamarine Airport’.

Government priorities in the early to mid-1990s centred on Melbourne’s growing traffic congestion, and various strategies were being investigated to link its disconnected freeways. The CityLink project was designed as a solution to link the north, south-west and south-east freeway systems, with the ultimate aim of achieving a free flow of traffic between the airport, seaport and interstate rail. Construction of CityLink commenced in 1996 on a BOOT (build, own, operate and transfer) scheme. The CityLink project included the widening of Tullamarine Freeway to eight lanes as part of the Western Link project.

In September 1996, the Government released Transporting Melbourne, a strategic framework for an integrated transport system for Melbourne. Seven transport corridors were identified and prioritised for integrated transport and land-use planning. The airport transport corridor included a government commitment to investigate service and route options, and the reservation of land for a future rail link to Melbourne Airport that would be provided by the private sector.

In August 1997, speaking at an airports conference, then Melbourne Lord Mayor, Ian Deveson, called for an airport rail link. The Airport had just been leased by the Australian Pacific Airports Corporation (APAC) under the Commonwealth’s Airports Act 1996. The state government had at that point ruled out a high-speed airport rail link until the CityLink tollway’s estimated completion in 2000. Other suggestions raised at the conference included a spur line (a secondary or branch line) on the Broadmeadows rail line to the airport (possibly via Westmeadows and Essendon airport).

The Queensland Government’s announcement in April 1998 that a city-airport link to Brisbane Airport was to be built, again attracted criticism from the Opposition parties and the Public Transport Users Association (PTUA) for the Victorian government’s inaction on this issue. The Brisbane link was to be built by Transfield, co-builder of Melbourne’s CityLink tollway. Construction of the link was scheduled to commence in July 1998 at an estimated cost of $190 million. Gavin Clancy, spokesman for the Victorian Minister for Transport, Robin Cooper, said that the government was investigating options for the rail link, and had not yet decided on a preferred route.

1998–1999: Melbourne Airport Rail Link

The Department of Infrastructure’s 1997-98 annual report stated that ‘while travel demand to Melbourne Airport is expected to be satisfied for a number of years by existing transport network and added CityLink capacity ... there is a need to consider Melbourne’s long-term international attractiveness to both tourists and business. In 1998, in support of the 1996 Transporting Melbourne commitment, the Department conducted the initial planning study to identify the most suitable route
for reservation on planning schemes that would be affected by the rail, as well as public transport mode choices that would meet the needs of airport users.\textsuperscript{54} Three rail route corridors were considered—Broadmeadows, Essendon and Albion corridor—and resulted in the \textit{Melbourne Airport rail link} report in November 1998.\textsuperscript{55}

The November 1998 report concluded that the Broadmeadows corridor was the preferred long-term option, with an integrated express rail link. This would require an upgrade of the existing rail infrastructure and construction of a new spur line from the existing service to the airport. The report envisaged that this would provide a ‘high-quality express service’ with journey times of approximately 20 minutes between the airport and the first city station.\textsuperscript{56}

**Planning Scheme Amendment**

Following the outcomes of the report, Robin Cooper, Minister for Transport, then requested that the Minister for Planning and Local Government, Robert Maclellan, seek an amendment to the \textit{Hume Planning Scheme} to include a reserve for an airport rail link via the Broadmeadows corridor. Submissions were received on Amendment L49 following a public exhibition. An independent Panel and Advisory Committee appointed by the Minister for Planning and Local Government considered the submissions. In its report in July 1999, the Panel recommended that the amendment be deferred pending further investigation of the Broadmeadows option and two Albion options—Albion East and Albion West.\textsuperscript{57} No further decisions, however, were made regarding the Panel’s recommendations.\textsuperscript{58}

**1999-2002: Melbourne Airport Transit Link**

By the time of the 1999 state election, the airport rail link had not eventuated. The Victorian Labor Party (ALP) under Steve Bracks took the airport transit link to the election as part of the ALP’s \textit{New Solutions} platform.\textsuperscript{59} On forming government in October 1999, Premier Bracks committed to the airport link, but again only in partnership with the private sector.

**Linking Victoria**

\textit{Linking Victoria}\textsuperscript{60} was launched in February 2000—a blueprint for an investment of $1.5 billion in transport infrastructure across Victoria. In the same month, Minister for Planning, John Thwaites, directed further investigations to be initiated by the Department of Infrastructure into route options focussing on the Broadmeadows and Albion corridors recommended by the 1999 Panel and Advisory Committee. In May 2000, a public consultation program was also announced to help select a suitable route.\textsuperscript{61}

\begin{flushright}
\footnotesize
\textsuperscript{54} ibid.
\textsuperscript{55} Department of Infrastructure (1998) \textit{Melbourne Airport rail link [summary report]}, The Department.
\textsuperscript{56} ibid., p. 1.
\textsuperscript{58} Department of Infrastructure (2001) ‘\textit{Melbourne airport rail link: consolidated report}’, Melbourne, The Department, Vol. 1, p. 3.
\textsuperscript{59} 6.24 A rapid transit link to Melbourne Airport: Labor supports the development of a Rapid Transit Link between Melbourne Airport and the City pre-election commitment to the rapid transit link, indicating I would seek a partnership with the private sector to construct and operate the link. ’ in Victorian Labor (1999) \textit{’New Solutions’}, Victorian Labor Party Platform, Election 1999.
\textsuperscript{60} Department of Infrastructure (2000-01) ‘\textit{Linking Victoria}’ Department of Infrastructure website (archived), Internet Archive, archived 30 August 2001.
\end{flushright}
The Government’s *Partnerships Victoria*, released in June 2000, was the policy framework for establishing partnerships to provide for public infrastructure and related ancillary services. The 2000-01 state budget allocated $20 million as a government contribution to a partnership with the private sector for the *Airport Transit Link Project*—objectives of which included value for money within the *Partnerships Victoria* framework. The first phase of the project was to develop a business case to assess the various options for a transit link between the city and the airport. In November 2000, the public consultation program was extended to address community feedback.

**Media and stakeholder comments**

The Australasian Railways Association (ARA), the rail industry’s peak body, expressed their concerns regarding the public-private partnership (PPP) funding for the airport transit link proposal and the possibility that the project would not attract the necessary capital investment. The ARA argued that there would be competition with ‘free’ public funded roads, and cited other public-private rails projects that had encountered significant problems. Sydney’s PPP funded airport rail link had failed months after opening in May 2000, with daily patronage of approximately 12,000 falling far short of the anticipated 48,000, and had gone into receivership in January 2001. Other partnership rail proposals had been recently abandoned, including the Sydney to Canberra *Speedrail* and Brisbane light rail. At this time Brisbane was about to launch its rail link which was also PPP (BOOT) funded. John Kirk, ARA’s executive director, questioned the state government’s commitment, stating that there was $3 billion earmarked by federal and state governments for road projects in Victoria, while the private sector was to pay for rail projects.

Public debate regarding the rail link during this time revolved around the choice of routes: the Albion option through Footscray and Sunshine; and the Broadmeadows option through Essendon and Broadmeadows. While the former was estimated to cost more, the latter was criticised regarding anticipated noise and congestion around level crossings.

In April 2001, an independent Planning and Advisory Panel was appointed by the Minister for Planning to consider all submissions—including environmental and community impacts—for a high speed rail link between the City of Melbourne and Melbourne Airport, and to make recommendations on the necessary planning scheme amendments. In May 2001, the panel began public hearings and considered submissions on the Broadmeadows and Albion corridor options.

In June 2001, John Kirk, ARA executive director, stated the reasons for supporting a rail link from the airport to the city that included easing traffic congestion on the Tullamarine Freeway by removing 6,600 cars per day, saving 8,000 tonnes in greenhouse gases. While Mr Kirk admitted that it takes time to ‘wean’ people out of their cars, offering a faster, high-frequency service, which was price competitive (particularly for airport employees), and completely integrated into existing transport

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64 ibid., p. 32.
66 ibid.
67 ibid.
68 ibid.
networks, will ensure that more passengers will leave their cars at home. An airport rail link, he argued, would be a key component for an integrated transport network. Cities that had airport rail links realised that roads alone would not meet future airport travel demand, and express buses were not a viable option.\(^{71}\)

The Victorian Opposition transport spokesman, Geoff Leigh, however, pointed to the losses experienced by the Sydney airport rail link despite having more airport users than Melbourne. Mr Leigh also warned of costs to taxpayers and the impact of the rail link on other transport services, including the taxi industry and the airport shuttle bus.\(^{72}\)

Submissions to the independent panel from Doug Pascoe, managing director of SkyBus (the operator of the airport shuttle bus service) also criticised the proposed rail link, stating that it was costly and only slightly quicker than an upgraded bus service.\(^{73}\)

In response to ARA John Kirk’s support for the rail link, John Stanley, executive director of the Bus Association of Victoria, stated that since the opening of CityLink, SkyBus had halved the journey time to 20 minutes—comparable to most proposed rail links. Upgrades put forward in its submission to the independent panel, which included priority runs at traffic lights, would further reduce travel time to 15 minutes. He supported a staged development, facilitating improvements in bus services in the short term and the introduction of a ‘vastly more expensive rail option’ once patronage rose.\(^{74}\)

The Royal Automotive Club of Victoria (RACV) criticised the independent panel for not including non-rail alternatives and only considering the expensive heavy rail option. A submission by consultants, Booz Allen Hamilton (BAH), supported the heavy rail link proposal, concluding that from a traffic efficiency point of view, all rail options ‘had merit’. BAH also supported the Broadmeadows spur line to the airport as the most affordable option.\(^{75}\)

By August 2001, Brisbane’s Airtrain appeared to have patronage levels well below the forecast 51,800 per week in the first year, with an estimated 6,000 passengers per week. General-manager, Ken Devencorn, said that the Airtrain had been financially structured to allow for a three-year ‘ramp-up period’ for patronage numbers to reach forecast levels.\(^{76}\)

Melbourne Airport Transit Link Project

In September 2001, the Department of Infrastructure and the Department of Treasury and Finance established a Rail Projects Group (RPG) to oversee planning and delivery of a number of rail projects under the Linking Victoria initiative.\(^{77}\) The RPG established a project team to manage the Melbourne Airport Transit Link Project which included the delivery of the business case. The RPG itself reported to the Rail Projects Committee, which comprised the Premier, Treasurer and Minister for Transport. The committee, in turn, reported to the full Cabinet. Consultants BAH were retained to conduct the financial assessment of likely patronage levels for the proposed rail link.

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71 ibid.
75 S. Cauchi (2001) op. cit.
Meanwhile, lower than estimated patronage for Sydney and Brisbane air rail links prompted calls for caution for the Melbourne link. BAH had used the modelling for the Melbourne Airport rail link that had been used by consultants Maunsell McIntyre in their patronage estimates for the Brisbane rail link.\textsuperscript{78}

Sydney and Brisbane airport rail links experienced further falls in patronage numbers in October 2001. This was in the wake of the September 2001 terrorist attacks in the US and the collapse of Ansett Airlines, which resulted in losses in air passenger numbers of an estimated 35 per cent for Sydney and 30 per cent for Brisbane.\textsuperscript{79}

In October 2001, the independent Panel appointed in April 2001, presented its report on the planning scheme amendments to John Thwaites, Minister for Planning.\textsuperscript{80} The government accepted the Panel’s recommendation to abandon the Broadmeadows corridor option and to further investigate the Albion corridor option. In November 2001, the Department of Infrastructure presented the business case for the proposed rail link.\textsuperscript{81}

**Government response**

In a January 2002 media release, the Victorian state government announced that it would not proceed with the construction of the airport rail link. Minister for Transport, Peter Batchelor, stated that the patronage study by BAH had found that it would not be commercially viable for at least ten years. Financial analysis by the Rail Projects Group showed that the airport rail would require subsidies of between $350 and $450 million over the following ten year period.\textsuperscript{82}

A summary of the study released by the Rail Projects Group (the study itself was an official Cabinet document and deemed commercial-in-confidence) showed that only seven per cent of passengers (approximately two million per year) travelling to and from Melbourne Airport used public transport (buses and coaches). An estimated 27 million people per year travelled to/from the airport, with this number expected to increase to 37 million by 2009. Consultants BAH had found that 65 per cent of travel was by private car, 24 per cent by taxi, seven per cent by bus feeder services (2.6 per cent by SkyBus), and four per cent by ‘other’ means.\textsuperscript{83}

In their patronage study, BAH had considered passenger demand, competition from road-based transport, population growth and usage of airport facilities, changes in the transit market structure, experiences of Brisbane and Sydney airport links, and the impact of the September 11 attacks and collapse of Ansett Airlines.\textsuperscript{84}

The summary report concluded that the patronage study showed that it was difficult to persuade people not to use their cars given the ‘fast journey times’ and ‘low cost of parking at the airport’.\textsuperscript{85} The Minister also acknowledged that an airport link would only be viable if commuters shifted from using private cars to public transport.\textsuperscript{86}

The government subsequently decided to look at enhancements to airport bus services using CityLink and the Tullamarine Freeway; upgrading the Spencer Street Station redevelopment to take into account passenger demand, competition from road-based transport, population growth and usage of airport facilities, changes in the transit market structure, experiences of Brisbane and Sydney airport links, and the impact of the September 11 attacks and collapse of Ansett Airlines.\textsuperscript{84}

\textsuperscript{80} K. Mitchell, et al. (2001) op. cit.
\textsuperscript{81} Auditor-General (2004) op. cit., p. 33.
\textsuperscript{83} Ibid.
\textsuperscript{84} Ibid.
\textsuperscript{85} Ibid.
account future links with the airport rail or interstate high speed train; and, subject to Commonwealth support and cooperation of Melbourne Airport in amending its Master Plan, reserving the Albion East route in planning schemes for a future airport rail (abandoning the Broadmeadows option).

**Media commentary**

An editorial in *The Age* newspaper on 21 January 2002 criticised the ‘flat rejection’ of the city-to-airport rail link, primarily for the timing of the study of patronage levels in the wake of the September 11 attacks and the collapse of Ansett Airlines, alongside the government’s decision not to release the report. The article argued that ‘commuter resistance’ was also unacceptable, as experience showed people will leave their cars if a more convenient, faster and cheaper option was available. It further stated that making public transport an attractive alternative was part of the task for government. The editorial quoted the ARA estimates that traffic to the airport was expected to double in the next 20-years, and that the costs of taxis and parking at the airport were already becoming unreasonable. While proposed improved airport bus services would help, a faster and easier way of travelling to Melbourne Airport had to be established.

In an opinion piece published in *The Age* newspaper in July 2002, Kenneth Davidson criticised the expenditure on the Spencer Street Station redevelopment, and also disputed the estimated cost of $350 to $450 million per year for the Melbourne Airport rail link, saying that a realistic assessment of operating costs would be less than $5 million a year, including capital costs.

**2003-2010: The lobbying years**

The airport rail link re-surfaced sporadically in the media over the following years prompted by the release of Melbourne Airport’s 2008 Master Plan, and developments in transport infrastructure planning.

In April 2003, *The Age* newspaper reported that a study by Sinclair Knight Mertz, commissioned by Melbourne Airport and the Victorian Government, recommended that the government encourage the development of a rail link to the airport to support the strong growth in international passenger movement. Premier John Brumby had indicated that a rail link would be built when consumer demand supported it.

In 2006, the lobby group Metropolitan Transport Forum made a submission to the government for a rail link that was supported by the Property Council of Australia, the PTUA and the Committee for Melbourne. The proposal submitted was for a six kilometre Broadmeadows line extension, at an estimated cost of $350 million and with a construction time of three years. Opponents of the scheme again pointed to Sydney and Brisbane where the airport rail links were still struggling financially.

In July 2008, shortly after the release of the *Melbourne Airport Master Plan* (the ‘2008 Master Plan’), the possibility of an airport rail link emerged again in response to a ‘surge’ in passenger numbers. Chris Woodruff, Melbourne Airport’s chief executive, stated that this ‘surge’ indicated a rail link may be

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87 P. Batchelor (2002) op. cit. (In addition, the Rail Projects Group had also examined alternative technologies and solutions, including a Maglev, which it found would need higher government subsidies than the heavy rail option.)


89 Ibid.


required sooner than originally anticipated.\textsuperscript{93} In April of 2008, Mr Woodruff had said he believed that a train to the airport would happen, but not until airport passenger numbers reached 40 million. He did, however, also state that even at that point, a strong economic case for rail would still be needed.\textsuperscript{94} The 2008 Master Plan had supported developing a rail link with an underground station.\textsuperscript{95}

In response to these statements, SkyBus stated that while they were not opposed to a rail link, they doubted if it was necessary at that time, and that SkyBus planned to increase services.\textsuperscript{96} President of PTUA, Daniel Bowen, reiterated that a rail link was needed as the airport was a major traffic generator not just for travellers, but for airport workers who had no option but to drive. According to the \textit{Herald Sun} newspaper, the government would risk having to compensate Transurban, the CityLink operator, only if a freight line was built but not a passenger line.\textsuperscript{97}

The 2008 Master Plan had also stated that additional lanes ‘may be required along the Tullamarine Freeway between the airport and the Calder Freeway to cope with both the increase in airport traffic and residential growth’ in the medium-to-long term.\textsuperscript{98} The Brumby Government was reported to be seeking partial-funding from the federal government for the Frankston bypass, and would not confirm if widening of the Tullamarine Freeway was part of the infrastructure plan. The Minister for Public Transport, Lynne Kosky, had reportedly ruled out building an airport rail link.\textsuperscript{99} The PTUA expressed its disappointment that the Government would consider widening the airport freeway but not build a train line.\textsuperscript{100}

In November 2009, the Victorian Roads Corporation (VicRoads) released a proposal for an extension of the Tullamarine Freeway north, to link the airport to the planned outer ring road at Sunbury via either Bulla or the Oaklands Junction. The Minister for Roads and Ports, Tim Pallas, was reported as saying that an airport rail line was not a priority, and that the SkyBus service successfully met the need for mass transit to the airport.\textsuperscript{101}

A fast rail link between the CBD and both Melbourne and Avalon airports had also been raised at the Victorian Employers Chamber of Commerce and Industry (VECCI) Victoria Summit held in November 2009.\textsuperscript{102} The Summit had been held to plan for infrastructure developments to meet the expected population growth of the state.\textsuperscript{103}

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\textsuperscript{94} M. Murphy (2008) ‘Rail link way down the track’, \textit{The Age}, 4 April.
\textsuperscript{95} N. Higginbottom & H. Ife (2008) op. cit.
\textsuperscript{96} ibid.
\textsuperscript{97} ibid.
\textsuperscript{99} In April 2008, a spokesman for Minister Kosky had said that a rail link was not an immediate government priority at the time, and might be revisited in the future. In a radio interview, Sir Rod Eddington, who had just completed the \textit{Investing in Transport} (March 2008) report for the Government had echoed the view that there were higher rail expenditure priorities than an airport rail link. Minister Kosky also cited problems experienced by the Sydney and Brisbane airport links. In September, the Minister had announced a new contract with SkyBus, and a spokesman stated that the Brumby Government was satisfied with the increased patronage and services of SkyBus. (M. Murphy (2008) op. cit.; A. Gardiner (2008) ‘Kosky attacked on rail links’, \textit{Herald Sun}, 2 September; L. Kosky, Minister for Public Transport (2008) \textit{Brumby Government signs new five year for SkyBus}, media release, 25 August)
\textsuperscript{100} C. Lucas & D. Rood (2008) op. cit.
\textsuperscript{102} Avalon Airport was founded in 1952 on land purchased by the Commonwealth. The Airport was constructed specifically for testing of the Canberra Jet Bomber Aircraft. The Linofox Group purchased Avalon Airport from the Commonwealth in 1997 on a 50-year long term lease. The Airport has provided services for passenger carrier, Jetstar, since 2004. (Avalon Airport (2016) ‘About Avalon’, Avalon Airport website)
In June 2010, Melbourne Lord Mayor Robert Doyle expressed his concerns that the city would fall behind other international cities unless planning began for an airport rail link which he said ‘has been on and off the city’s agenda since first put forward by Sir Robert Menzies in 1963’. His comments came at a time when the state government was considering widening the Tullamarine Freeway, from four to six lanes between the Western Ring Road and the airport. Chris Woodruff of Melbourne Airport, indicated that the airport was also involved in the discussions with the government, and would need to present a strong business case for widening the Freeway to address the problem of traffic congestion between the ring road and the airport.

In October 2010, the federal government had released the terms of reference for a strategic study for the implementation of a high speed rail on the east coast of Australia between Brisbane and Melbourne. Victorian Minister for Public Transport, Martin Pakula, was reported as saying that the state government had asked the Prime Minister to consider including the Melbourne airport link as part of the study.

2010-2014: MALAS and MARL

Just before the November 2010 state election, Opposition leader, Ted Baillieu, flagged a rail link to Avalon Airport, with a commitment of $50 million for the planning, land acquisition and preliminary works. Mr Baillieu also stated that the commitment to the Melbourne Airport link had not diminished as demand was expected to double in the next 10 years and needed to be addressed. He further noted that as the cost-benefit analysis for the rail link changed each year with different proposed routes and variations in the Airport’s plan, this would again need to be planned and costed.

The Coalition had made a pre-election commitment to fund plans for a new rail link to Melbourne Airport in its first term. The proposed plan would include a preference for a centrally-located terminal at Melbourne Airport, and an option to use land reserved in 1998 by the previous Coalition Government for the Westmeadows route (the Broadmeadows option). Airport trains would start from Flinders Street station and terminate at Southern Cross (previously Spencer Street) station, with an option to stop at North Melbourne and Broadmeadows stations to allow easy transfers between metropolitan and regional networks.

Melbourne Airport Landside Access Strategy (MALAS)

Following the November 2010 election of the Baillieu Coalition Government, the Department of Transport appointed consultants Sinclair Knight Merz (SKM) to develop the Melbourne Airport Landside Access Strategy (MALAS). The strategy was intended to guide planning for all modes of land access to and from the airport over the next 50 years. The proposed objectives of the strategy were

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105 The Study had two phases. Phase 1 was to focus on identifying rail corridors, station locations and potential patronage. (M. Coombs (2014) ‘High speed rail for Australia: a fast track to the future or just another pipe dream?’ _FlagPost_, 28 January)
108 ibid.
linked to those of the *Transport Integration Act 2010* where the airport rail link would be part of an overall integrated transport strategy. The MALAS was completed in August 2012.

**Findings**

The MALAS study had examined in detail, the patterns, purposes and numbers of person trips to and from the airport by air passengers as well as airport employees. It found that peak passenger travel coincided with airport employee travel times in the mornings. Most travel occurred in single occupancy cars and taxis, which carried 80 per cent of air passengers (increasing to 87 per cent at peak hours with airport employees). Scheduled buses, including *SkyBus*, carried 14 per cent of air passenger travellers. Airport travel demand generated 103,000 vehicles movements per day, including 12,000 commercial vehicles. Tullamarine Freeway carried approximately 75 per cent of total vehicle traffic to and from the airport.\(^{111}\)

The study identified that the most common concerns expressed by airport users were congestion and delays in access to terminals and car parks, especially on the Tullamarine Freeway; the perceived high cost of parking, especially in short term car parks; and lack of convenient access to bus services (other than *SkyBus*).\(^{112}\)

At the time of the study, Melbourne Airport catered for 28 million air passenger movements per year.\(^{113}\) The study estimated growth to reach 40 million passengers within 10 years, 50–60 million in 20 years, and 60–120 million in 50 years. The potential influences on Melbourne Airport’s share in this growth were Avalon Airport, or a possible High Speed Rail inter-city service, which it was estimated could take a 30 per cent share of future domestic air travel.\(^{114}\)

Melbourne Airport was also the largest employment district outside the CBD, with an estimated 14,000 employees in 2011, as well as off-site employees of affiliated airport and air services businesses.\(^{115}\)

The study’s analysis of future growth in air passenger, employee and other airport-related travel indicated that a substantial mode shift to higher occupancy (mass transit) vehicles would be needed to keep traffic volumes and congestion at manageable levels. With anticipated growth reaching 60 million passengers a year in 20 years, mass transit would need to improve substantially and double the 2012 mode share at 14 per cent to around 30 per cent.\(^{116}\) The study indicated that this was within the scope of bus services.\(^{117}\)

The study further stipulated that an airport rail link would be desirable in the longer term within 20 to 50 years—when growth would probably exceed beyond the capacity of bus-based systems. Constraints of the rail network would, however, limit frequency, comfort and reliability which were considered essential for such a service to be competitive until the completion of the Melbourne Metro rail tunnel.\(^{118}\)

\(^{111}\) *ibid.*, p. 4.

\(^{112}\) *ibid.*, pp. 4-5.

\(^{113}\) *ibid.*, p. 3.

\(^{114}\) *ibid.*, p. 5.

\(^{115}\) *ibid.*, p. 12.

\(^{116}\) *ibid.*, pp. 5-6.

\(^{117}\) *ibid.*, p. 98.

\(^{118}\) *ibid.*, pp. 6, 98. The Melbourne Metro rail tunnel was part of the Baillieu Government’s *Priority Infrastructure* projects. (T. Baillieu, Premier (2011) *Coalition Government announces priority infrastructure projects for Victoria*, media release, 17 November.)
The range of initiatives identified by the study included planning developments and upgrades to the current road networks, including Tullamarine Freeway, as well as improved bus routes, services and access; airport terminal developments (in consultation with Melbourne Airport); and demand management and behaviour change (which included taxi reforms to increase vehicle occupancy, and developing travel plans for employees to reduce car dependency).119

Local council transport plans
The MALAS study also examined the transport plans of the six municipal councils that would be affected by the rail corridors: Hume, Moonee Valley, Brimbank, Maribyrnong, Moreland and Melbourne. The six councils had stated the common objectives of achieving a shift to environmentally sustainable travel and for multimodal transport links to support economic activity. While all six councils had supported the Albion line option in 2001, their 2011 integrated transport plans showed that this had changed. Five of the six supported a rail link, Moreland made no explicit mention of transport links to Melbourne Airport, and only Brimbank still supported the Albion East alignment. Each council sought at least one station stop within their boundaries.120

Maribyrnong Council preferred a link through Footscray station or through Flemington; Brimbank supported a station at Keilor Park Drive; Moonee Valley wanted possible extension of the Flemington Racecourse line and future stations at Highpoint, Keilor East and Airport West; Hume supported a spur line from Coolaroo station to the airport; and Melbourne City Council stated that a rail extension would turn a suburban rail system into a metro service. Moonee Valley had also advocated a feasibility study for extending Tram Route 59 to Tullamarine.121

Melbourne Airport Rail Link (MARL)
The Baillieu Government allocated $6.5 million in its 2011–12 state budget for the Melbourne Airport Rail Link study (MARL)—a feasibility study to identify the best route for the rail link as well as define how a rail service would operate. The study was commissioned within the context of the MALAS.122

With the creation of Public Transport Victoria (PTV) in April 2012,123 the MARL study became the responsibility of the new authority. The objectives of the study were to coordinate planning with the MALAS, the new Melbourne Airport Master Plan (which was in its planning stage), and consideration of the federal government’s High Speed Rail (HSR) study,124 to ensure both rail corridors were integrated.125

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119 ibid., p. 7.
120 ibid., p. 61.
121 ibid., p. 75-76.
123 The Transport Legislation Amendment (Public Transport Development Authority) Act 2011 created PTV (Public Transport Victoria) to administer train, tram and bus services and commenced operation in April 2012.
124 Initial patronage studies forecast most demand to be for Melbourne CBD rather than Melbourne Airport, and consequently the airport was not short-list as a potential station. The study did identify an access corridor that passed close to Melbourne Airport and where there would be potential for HSR infrastructure to accommodate the airport rail service including station integration, particularly at Southern Cross and possibly North Melbourne. (AECOM (2011) The High Speed Rail Study. Phase 1, Sydney, AECOM, pp. iii, 128-129)
125 Sinclair Knight Merz (2012), op. cit., p. 4.
Overview and findings

The MARL study began with a review of the 2001 Albion East alignment, which proposed to use existing lines to Southern Cross Station.\(^{126}\) It was decided that this option would not have the capacity to allow for growth given changes in the rail network and the planned Melbourne Metro rail tunnel (MMT). Consequently, the Albion East alignment was redesigned utilising the existing 2001 reserve and the Sunshine rail corridor, but connecting with the planned MMT to access the CBD and linking with the south-east network.\(^{127}\)

This alignment became the ‘base case’ for the study which assessed three alternative alignment options (from initially considering more than 80 alternatives), namely: a ‘direct tunnel link’ with potential new stations; a Craigieburn link, using the Craigieburn line and new track through Westmeadows; and a Flemington link, using the existing Flemington line and metropolitan rail tunnel (see Figure 1).\(^{128}\) These were evaluated against what was considered critical criteria, which included travel time, patronage, connections, construction, environment and social impact, the Melbourne Airport Master Plan, and cost.\(^{129}\)

In considering the long-term needs of a rail connection to Melbourne Airport, the MARL study stated that the Albion East route would reach its capacity over time, given interactions with other services on the Metro Rail network.\(^{130}\) The Direct Link option, while being outweighed by high costs, would not only be able to offer an express airport service—an option that would be more important—but would align more closely with one of the route options being considered by the federal government for the HSR. The study identified this as an opportunity for a new, shared rail corridor that would cater for both the HSR service and an express MARL.\(^{131}\) The 30-year Infrastructure Strategy Options Book (2016), discussed below, also draws attention to the projected significant capacity pressure for the Albion East option by 2046, suggesting the need for alternative network solutions.\(^{132}\)

The Melbourne Airport Rail Link study was delivered in March 2013 and recommended the redesigned Albion East alignment. The proposed route ran from the Melbourne Airport boundary via new tracks through reserved land and a freight corridor, using existing rail tracks from Sunbury, and connecting with the MMT. The 2012 MMT project was declared under the Major Transport Projects Facilitation Act 2009, and the planning approval process was underway at that time.\(^{133}\)

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\(^{127}\) ibid.

\(^{128}\) The Alternative Alignments Study (AAS) was carried out by consultants Parsons Brinckerhoff (supported by Geoff Anson Consulting and Aquenta Consulting) who were engaged by PTV in May 2012.

\(^{129}\) ibid., p. 8.

\(^{130}\) ibid., p. 10.

\(^{131}\) ibid., p. 10.


Figure 1: MARL short-listed alternative alignments (2012)

(Source: Public Transport Victoria (2013) Melbourne Airport rail link study: study overview and findings, Melbourne, PTV, p. 9)
2015-2017: The 30–year Infrastructure Strategy

Infrastructure Victoria came into operation under the new Andrews Labor Government on the 1 October 2015, and was created under the *Infrastructure Victoria Act 2015* as an independent advisory body. One of its three main functions is to prepare a 30-year infrastructure strategy for Victoria, which will be refreshed every three to five years.

The Strategy

In December 2016, the first *30-year Infrastructure Strategy* was tabled in Parliament. The strategy contained 137 recommendations across nine sectors which were evidence-based and had included a consultation process that involved 'citizen juries'.\(^\text{134}\) The strategy considered and aligned its strategic framework for the transport sector with the policy framework of the *Transport Integration Act 2010*, and PTV’s 2012 *Network Development Plan – Metropolitan Rail*.\(^\text{135}\)

**Airport bus services**

To provide access to Melbourne Airport, the strategy recommended upgrades to airport bus services as the most cost-effective solution in the short-term to address demand and congestion on the Tullamarine Freeway, with the delivery of the airport rail link in 15 to 30 years.\(^\text{136}\)

The strategy stipulated that the delivery of high-level on-road priority for bus services linking Melbourne Airport to central Melbourne would be achieved with better signalling and managed motorway improvements. The upgrade of airport bus services would also make this mode more attractive for use not only by travellers but also for employees at the airport—who contribute to the traffic congestion at peak hours of travel. The strategy also noted that the future development of automated vehicles may eliminate the need for this on-road option beyond the next 10 years (in terms of eliminating the need for dedicated lanes for bus services).\(^\text{137}\)

While the strategy does recommend the Melbourne Airport rail link be delivered within 15 to 30 years, it also states that this should occur before the capacity of the bus service is exceeded. Complementary transport services such as buses should still be provided for employee access throughout the airport precinct.\(^\text{138}\)

**Melbourne Airport heavy rail link**

The Melbourne Airport heavy rail link option was recommended based on the existing plan—the Albion East alignment connecting the airport to the south-east via the Melbourne Metro rail tunnel.\(^\text{139}\) The new line would provide a direct connection to the airport with passengers able to connect to the airport service with no more than one interchange from the metropolitan lines. The journey was estimated to take 30 minutes between the CBD and the airport, and run every 10 minutes.

The strategy noted, however, that the proposed alignment was also projected to reach capacity over the long term due to anticipated growth on the Melton and Sunbury lines which would share tracks

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\(^\text{134}\) The two citizen juries—one regional and one metropolitan—each comprised approximately 43 randomly selected people to consider what should be done to meet Victoria’s infrastructure needs. The juries met six times between April and July 2016 to consider evidence, hear experts and deliberate on over 200 options, including projects and policy initiatives. The juries delivered their final report of recommendations on 30 July 2016. (Infrastructure Victoria (2016) ‘Citizen jury’, Infrastructure Victoria website)

\(^\text{135}\) Infrastructure Victoria (2016) op. cit., p.15.

\(^\text{136}\) Infrastructure Victoria (2016) 30-year infrastructure strategy, Melbourne, Infrastructure Victoria, p. 141.

\(^\text{137}\) Infrastructure Victoria (2016) op. cit. p. 472.

\(^\text{138}\) Ibid., p. 478.

\(^\text{139}\) Ibid., p. 475.
with the airport line. This was rated as a significant risk for this option, as it would require a different network or rail corridor configuration requiring a substantial level of capital investment to deliver a service that would be attractive enough for people to leave their cars at home.\textsuperscript{140}

Apart from further investigations on longer-term rail network configurations, the strategy considered that the most important features of an airport rail service are likely to be that it would offer a reliable and frequent service to central Melbourne, preferably continuing to Melbourne’s south-east (a significant secondary origin and destination of many airport passengers).\textsuperscript{141}

The south-east as a substantial catchment was partly based on the assumption that under current plans, services would operate direct across the city to the south-east. The strategy noted the logic in identifying the south-east market as benefiting from a direct service, ‘considering the high-density of both knowledge intensive services sector businesses (likely to attract interstate and international travel) and employees (more likely to travel for business)’.\textsuperscript{142}

Each infrastructure option was assessed on fulfilling 19 identified ‘needs’ measured against a set of metrics.\textsuperscript{143} The airport rail link option is rated as making a ‘moderate to significant’ contribution to two needs identified by the strategy: it meets growing demand for access to economic activity in central Melbourne (need 10); and improves access to middle and outer metropolitan major employment centres (need 11). The option is, however, dependent on completion of Melbourne Metro 1 (Melbourne Metro – Rail Tunnel Stage 1).

A ‘stress test’ was also devised to assess the performance of each infrastructure option under six alternative scenarios based on population growth projections to 2046.\textsuperscript{144} These included:

- the ‘supercity’—centred around greater Melbourne;
- ‘westside story’—area of high population growth to the north and the west of the city driven by high migration and strong economic growth in employment centres in Footscray, Sunshine and Werribee East while the central city remains a strong focus for employment;
- ‘regional cities’—population shift (sea/tree change) enabled by technology;
- accelerated climate change/mitigation;
- prolonged/severe economic downturn—resulting in lower population growth; and
- biosecurity threat—which is not anticipated to affect long-term population growth.

The Melbourne Airport rail option was assessed as supporting the ‘supercity’, ‘westside story’ and ‘regional cities’ scenarios, as it would shift transport mode share and reduce congestion under all these scenarios. It would also support the ‘climate change mitigation’ scenario as it would provide a more energy efficient mode of travel and reduce carbon emissions.\textsuperscript{145}

The strategy’s \textit{Options Book} discusses various funding mechanisms for this project, including ‘major beneficiary contributions’ from Melbourne Airport itself. Infrastructure Victoria was, at the time, also examining transport network pricing and reiterated that where users pay to access the transport network, such charges should be designed for managing demand rather than for cost recovery.\textsuperscript{146} In

\textsuperscript{140} ibid., p. 477.
\textsuperscript{141} Infrastructure Victoria (2016) op. cit. p. 477.
\textsuperscript{142} ibid., p. 479.
\textsuperscript{143} ibid., pp. 24-26. The primary metrics for needs 10 and 11 supported improvement in transport network capacity for journeys to and from middle and outer major employment centres, as well as access to central Melbourne.
\textsuperscript{144} ibid., pp. 35-36.
\textsuperscript{145} ibid., p. 476.
\textsuperscript{146} ibid., p. 478.
terms of community support, the regional citizen jury recommended the option, but the metropolitan jury had mixed views citing significant cost, and recommended a ‘demand study’ as a priority to confirm usage.147

**Government response**
In April 2017, the Andrews Government announced that it would commit $10 million from the Commonwealth Government’s Asset Recycling Initiative to develop a new airport rail plan in partnership with the private sector.148

While Infrastructure Victoria’s 30-year strategy had identified the need for the airport rail in 15 to 30 years at a projected cost of $5 billion, the Minister for Transport, Jacinta Allan, stated that with private sector involvement—which would include value capture and creation initiatives, and potential private sector proposals—the project could be delivered sooner and save costs.149

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148 J. Allan, Minister for Transport (2017) op. cit.

149 Ibid.
The Airport

Melbourne Airport is considered as the ‘gateway’ for Victoria’s economy, connecting the state to other Australian cities and the world. This section will briefly cover the legislative framework and regulation of the Airport, the 2013 Melbourne Airport Master Plan (the ‘2013 Master Plan’), passenger and employee traffic, and landside access issues. This is to provide some context for the Airport’s position in relation to an airport rail link.

Legislative framework and regulation

Under the Commonwealth Airports Act 1996, the 22 federal airports were privatised over the period 1997–2002. Melbourne Airport was sold by granting of a 50-year long-term lease for $1.31 billion to Australian Pacific Airports Corporation (APAC) in July 1997, with an option to renew for a further 49 years.150

The governance structure of the Act means that planning and development of these airports are under federal regulation, while the state and local governments administer land transport and planning policies that impact on access to the airport. The Act also requires airports to submit a master plan every five years for Commonwealth approval. Melbourne Airport is due to submit its next master plan in 2018.

Ground Access Plans became mandatory under the Commonwealth Airport Amendment Act 2010. This followed the 2009 National Aviation Policy White Paper,151 which identified the potential disconnect in airport planning due to the governance structure. Melbourne Airport has produced a ground access plan since 2008. The 2013 Master Plan included the ground access plan and set out the airport’s transport planning focus for the following five years, 2013–2018.

The Airport is also subject to monitoring by the Australian Competition and Consumer Commission (the ACCC) which reports on levels of service and revenue under the Commonwealth Competition and Consumer Act 2010 and under provisions of the Airports Act 1996.152

Melbourne Airport is not subject to a curfew and operates 24 hours a day, seven days a week. This gives it a significant competitive advantage over other large airports on the Australian east coast. A curfew applies between 11pm and 6am at Sydney, Adelaide, Coolangatta and Essendon Airports.153

Numbers

Figures quoted in the 2013 Master Plan state that the airport and its precinct contributes approximately $1.47 billion annually to Victoria’s Gross State Product (GSP), while its indirect and induced activity adds $5.2 billion to the state economy. Visitors arriving through the airport are estimated to spend approximately $8.3 billion annually, which equates to nearly half of Victoria’s annual tourism expenditure.154

152 Australian Competition & Consumer Commission (date unknown) ACCC role in airports & aviation, ACCC website
153 Department of Infrastructure and Consumer Commission (date unknown) ACCC role in airports & aviation, ACCC website
154 Melbourne Airport (2013) Melbourne Airport master plan 2013: people, place and prosperity, Melbourne Airport, p. 16.
**Passenger and employee traffic**

By 2015–16, Melbourne Airport’s passenger numbers reached 33.7 million (24.4 million domestic and 9.3 million international).\(^{155}\) For the year ending June 2016, Melbourne–Sydney remained Australia’s busiest domestic airline route with 8.8 million passengers, which was an increase of four per cent compared with June 2015.\(^{156}\) The previously discussed 2012 MALAS study had identified the construction of a High Speed Rail (HSR) as having some bearing on the market share of this route in the future. The study had also acknowledged the airport and its surrounds as the largest employment district outside the CBD. By 2013, the airport itself supported 14,300 jobs and indirectly supported a further 43,000 jobs.\(^{157}\)

Passenger and employee figures are significant when considering the capacity of the transport system to accommodate the movement of people needing to access the airport and its precinct. According to a survey conducted by the Airport in 2013, approximately 95 per cent of its employees drove to and parked at the airport, generating approximately 23,000 vehicle trips per day. Passenger movements generated approximately 62,000 vehicle trips per day (see Figures 2 and 3 travel mode).\(^{158}\)

**Figure 2: Passenger travel (2013)**

![Passenger travel chart]

(Source: Melbourne Airport (2013) *Melbourne Airport master plan 2013: people, place and prosperity*, Melbourne Airport, p. 115)

**Figure 3: Employee travel (2013)**

![Employee travel chart]

(Source: Melbourne Airport (2013) *Melbourne Airport master plan 2013: people, place and prosperity*, Melbourne Airport, p. 118)

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\(^{155}\) The 9.5 per cent growth in international passenger (including transit) numbers from 2014-15 was due to new airline carriers arriving at Melbourne Airport and more services (routes) offered by existing carriers. (ACCC (2016) *op. cit.*, p. 77-78)


\(^{157}\) Melbourne Airport (2013) *op. cit.,* p. 117

\(^{158}\) Ibid. p. 114.
Ground transport plans

Melbourne Airport expects that by 2033, growth in passenger and employee numbers, as well as increased commercial, freight and logistics activity will generate 225,000 daily vehicle trips to and from the airport precinct (see Figure 4). The 2013 Master Plan states that the Airport proposes to ‘significantly improve the ground transport infrastructure within and around the airport precinct’ to accommodate this growth.\textsuperscript{159}

Most of the 2013 ground transport infrastructure plan addressed road-based access to relieve congestion on the Tullamarine Freeway and local roads, and vehicle and passenger movement within the airport precinct. The plan states that the Airport would work with business operators to improve bus, taxi and freight systems, and enhance walking and cycling networks.\textsuperscript{160} It further stated that it seeks to increase the public transport share of trips to the airport to 15–25 per cent by 2022, and no less than 30 per cent in the long term—‘making the rail link vital’.\textsuperscript{161}

The Airport and the rail link

Melbourne Airport regarded the direct rail link to the airport as a ‘critical transport option’ as it would enable the airport’s future growth and reduce reliance on the road network. To this end, provisions had been made in the 2013 Master Plan for development of a rail link. This included reserving land consistent with the Albion East alignment which had been identified as the best route in the 2013 Melbourne Airport Rail Link study.\textsuperscript{162}

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\textsuperscript{159} ibid., p. 17.
\textsuperscript{160} ibid., p. 17.
\textsuperscript{161} ibid., p. 132.
\textsuperscript{162} ibid., p. 109. A presentation to Infrastructure Victoria’s Regional Citizen Jury in 2016 by Melbourne Airport indicated that there were three locations at the airport available for a station, and preliminary planning for a final design of the station had been completed. (Infrastructure Victoria Regional Citizen Jury (2016) op. cit., p. 33).
The development of a rail link was considered by the Airport to be beyond the five-year focus of the 2013 Master Plan as it depended on factors such as funding and the capacity of the wider rail network. As an interim measure, the ground transport plans focused on initiatives to be developed with PTV for additional bus services, and the provision of improved links from the metropolitan and regional rail services.\(^{163}\)

Melbourne Airport acknowledged that, while a multi-modal transport system with good public transport was significant for access to the airport and that the decisions ultimately rested with the state government, it would, however, continue to advocate for a dedicated rail link. It stated that it would also continue to work in conjunction with the state government on the other long-term issue—congestion on the Tullamarine Freeway.\(^{164}\)

**Landside access revenue**

Airport access roads are leased by the airport. Consequently, the airport is the sole supplier and has the ability to set terms and conditions of access to landside vehicle facilities and services, including roads, car parks and vehicle waiting areas (taxi and buses) within its precinct.\(^{165}\) This section looks at the revenue that Melbourne Airport earns from its own car parks—always a contentious issue in the public eye—\(^{166}\) as well as revenue from taxi, private bus, and off-airport car parking services.

**Car parking**

A 2012 Productivity Commission inquiry into the economic regulation of airport services examined the nature and market power of parking services and ground transport access for the monitored airports, and whether there was evidence of misuse of that power.\(^{167}\) According to the findings of the inquiry, there was no evidence of misuse of market power, nor was there evidence to support the claim that Melbourne Airport charged monopoly car park prices by impeding access to competitors.\(^{168}\)

The ACCC monitors and reports annually on costs and quality of aeronautical services provided at all leased airports. As a consequence of the 2012 Productivity Commission inquiry, it also monitors prices, costs and profits relating to car parking services. This requirement was set out in ministerial direction s. 95ZF made under the Commonwealth *Competition and Consumer Act 2010* on the 12 June 2012.\(^{169}\) It does not, however, regulate the pricing regime.

In 2016, the ACCC reported that Melbourne Airport car parking revenue fell slightly in the 2015-16 reporting period, but remained the highest of all the monitored airports at $135.3 million (see Table 2).\(^{170}\) The Airport reported higher depreciation and expenses due to the newly constructed T4 (Terminal 4) car park.\(^{171}\) The weighted average price for short-term parking at the airport in 2015-16 ranged from $14.77 for 31–60 minutes to $53.55 for 4–24 hours.\(^{172}\)

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163 ibid., p. 17.
164 ibid., p. 18.
168 ibid., p. 251.
170 ibid., p. xiii.
171 ibid. p. 102.
172 ibid., p. 98.
Table 2: Car parking revenues, costs and profits, 2015–16

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<tbody>
<tr>
<td>Brisbane</td>
<td>89.0</td>
<td>▲ 3.8%</td>
<td>30.2</td>
<td>▲ 7.2%</td>
<td>58.8</td>
<td>▲ 2.1%</td>
</tr>
<tr>
<td>Melbourne</td>
<td>135.3</td>
<td>▼ 1.2%</td>
<td>55.5</td>
<td>▲ 38.8%</td>
<td>79.9</td>
<td>▼ 17.7%</td>
</tr>
<tr>
<td>Perth</td>
<td>63.6</td>
<td>▼ 3.7%</td>
<td>28.2</td>
<td>▲ 17.7%</td>
<td>35.4</td>
<td>▼ 15.9%</td>
</tr>
<tr>
<td>Sydney</td>
<td>133.8</td>
<td>▲ 3.2%</td>
<td>36.0</td>
<td>▼ 2.2%</td>
<td>97.8</td>
<td>▲ 5.4%</td>
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Note: Changes are calculated using prices in real terms

Table 3, below, shows Melbourne Airport revenue, expenses and profits from car parking services as compared to all airport services since 2006–07. Revenue from car parking services remained steady at around 20 per cent of total airport revenue until 2013–14.

Table 3: Melbourne Airport – revenues, expenses and profits for car parking and total airport services in real terms

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<tbody>
<tr>
<td>Car parking</td>
<td>85.6</td>
<td>109.8</td>
<td>110.8</td>
<td>118.7</td>
<td>127.0</td>
<td>124.2</td>
<td>127.1</td>
<td>129.8</td>
<td>137.0</td>
<td>135.3</td>
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<tr>
<td>Total airport</td>
<td>465.9</td>
<td>527.5</td>
<td>540.9</td>
<td>574.8</td>
<td>604.4</td>
<td>621.0</td>
<td>662.5</td>
<td>715.9</td>
<td>763.5</td>
<td>839.5</td>
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<tbody>
<tr>
<td>Car parking</td>
<td>24.0</td>
<td>25.4</td>
<td>23.7</td>
<td>26.3</td>
<td>30.7</td>
<td>30.6</td>
<td>36.1</td>
<td>40.1</td>
<td>40.0</td>
<td>55.5</td>
</tr>
<tr>
<td>Total airport</td>
<td>181.2</td>
<td>179.9</td>
<td>187.8</td>
<td>200.5</td>
<td>215.5</td>
<td>237.6</td>
<td>261.6</td>
<td>268.5</td>
<td>302.1</td>
<td>376.0</td>
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<tbody>
<tr>
<td>Car parking</td>
<td>61.6</td>
<td>84.4</td>
<td>87.1</td>
<td>92.4</td>
<td>96.3</td>
<td>93.6</td>
<td>91.0</td>
<td>89.7</td>
<td>97.1</td>
<td>79.9</td>
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<tr>
<td>Total airport</td>
<td>284.7</td>
<td>347.5</td>
<td>353.1</td>
<td>374.2</td>
<td>388.9</td>
<td>383.4</td>
<td>400.9</td>
<td>447.4</td>
<td>461.4</td>
<td>463.5</td>
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<tr>
<td>Car parking</td>
<td>72.0</td>
<td>76.8</td>
<td>78.6</td>
<td>77.8</td>
<td>75.8</td>
<td>75.3</td>
<td>71.6</td>
<td>69.1</td>
<td>70.8</td>
<td>59.0</td>
</tr>
<tr>
<td>Total airport</td>
<td>61.1</td>
<td>65.9</td>
<td>65.3</td>
<td>65.1</td>
<td>64.3</td>
<td>61.7</td>
<td>60.5</td>
<td>62.5</td>
<td>60.4</td>
<td>55.2</td>
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<tbody>
<tr>
<td>Car parking</td>
<td>5063</td>
<td>5519</td>
<td>4978</td>
<td>5296</td>
<td>5668</td>
<td>5667</td>
<td>5695</td>
<td>5319</td>
<td>5900</td>
<td>5226</td>
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<tr>
<td>Total airport</td>
<td>1420</td>
<td>1279</td>
<td>1065</td>
<td>1174</td>
<td>1371</td>
<td>1397</td>
<td>1617</td>
<td>1643</td>
<td>1721</td>
<td>2142</td>
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</thead>
<tbody>
<tr>
<td>Car parking</td>
<td>3643</td>
<td>4240</td>
<td>3914</td>
<td>4122</td>
<td>4297</td>
<td>4270</td>
<td>4078</td>
<td>3676</td>
<td>4179</td>
<td>3084</td>
</tr>
</tbody>
</table>

Note: Real values in 2015-16 dollars

Alternative transport access

Access to airport landside areas (forecourt and transport hubs) is required by alternative transport modes for picking up and dropping off passengers. This includes off-airport parking, terminal pick-up and drop-off, taxis, hire cars and limousines, public and private buses, and trains. These compete with the airports’ own car parks but also rely on airports to provide adequate access to landside bottleneck areas. Airports set the terms and prices for this landside access. In this environment, the ACCC began monitoring landside data from 2009–10, and landside quality of service from 2013–14, to facilitate competition and improve prices and services for consumers.

Airports generally receive much less revenue through access charges levied on landside operators than from their own car parking business, nonetheless as the bar chart below (see Figure 5) indicates, this revenue stream is becoming quite significant.

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173 ibid., p. 38.
174 ibid., p. 39.
175 ibid., p. xii, 41.
The ACCC reports that higher access charges and passenger growth has boosted landside revenues for Melbourne Airport to $16.9 million in 2015–16, which is an increase of 154 per cent in real terms since this information was first collected in 2009–10.176 This remains, however, just two per cent of total airport revenue.

Figure 5: Landside revenue (2015–16 prices): 2009–10 to 2015–16 across all airports

NB: Due to data limitation, the total revenue reported at each airport may include revenue from different transport modes. Car rental income is excluded from total landside revenue due to consistent data across airports being unavailable. (Source: Australian Competition & Consumer Commission (2016) Airport monitoring report, 2015-16, Canberra, ACCC, p. 42)

Table 4: Landside access revenues as at 30 June 2015 and 30 June 2016, and percentage change in real terms

<table>
<thead>
<tr>
<th>Type of fee</th>
<th>Year</th>
<th>Brisbane</th>
<th>Melbourne</th>
<th>Perth</th>
<th>Sydney</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxi</td>
<td>2014-15</td>
<td>4159</td>
<td>5328</td>
<td>2334</td>
<td>11814</td>
</tr>
<tr>
<td></td>
<td>2015-16</td>
<td>3964</td>
<td>5441</td>
<td>2628</td>
<td>12094</td>
</tr>
<tr>
<td>% change</td>
<td></td>
<td>▼ 4.7</td>
<td>▲ 2.1</td>
<td>▲ 12.6</td>
<td>▲ 2.4</td>
</tr>
<tr>
<td>Public bus</td>
<td>2014-15</td>
<td>289</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>2015-16</td>
<td>345</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>% change</td>
<td></td>
<td>▲ 19.4</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Private bus</td>
<td>2014-15</td>
<td>2277 (a)</td>
<td>8488 [b]</td>
<td>0</td>
<td>2645 [c]</td>
</tr>
<tr>
<td></td>
<td>2015-16</td>
<td>2365 (a)</td>
<td>9088 [b]</td>
<td>0</td>
<td>2613 [c]</td>
</tr>
<tr>
<td>% change</td>
<td></td>
<td>▲ 3.9</td>
<td>▲ 7.1</td>
<td>NA</td>
<td>▼ 1.2</td>
</tr>
<tr>
<td>Train</td>
<td>2014-15</td>
<td>164</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td></td>
<td>2015-16</td>
<td>162</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>% change</td>
<td></td>
<td>▼ 1.4</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Private car operators</td>
<td>2014-15</td>
<td>NA</td>
<td>2383</td>
<td>311</td>
<td>2552</td>
</tr>
<tr>
<td></td>
<td>2015-16</td>
<td>NA</td>
<td>2384</td>
<td>342</td>
<td>2861</td>
</tr>
<tr>
<td>% change</td>
<td></td>
<td>NA</td>
<td>▲ 0.0</td>
<td>▲ 9.9</td>
<td>▲ 12.1</td>
</tr>
</tbody>
</table>

Notes: Real values in 2015-16 dollars
(a) Includes revenue from off-airport car parking and private car operators
(b) Includes revenue from off-airport car parking and SkyBus services
(c) Includes revenue from off-airport car parking

176 ibid., p. xii.
Access charges
Melbourne Airport imposes landside access charges on businesses operating alternative transport options, including, buses, taxis and private cars. Charges to private cars and off-airport car parking operators vary according to different combinations of trip type, passenger numbers and for staff (see Table 4).177

Buses
Melbourne Airport received $9.1 million in 2015–16 from private bus operators SkyBus178 and PTV–approved shuttle buses that operate across metropolitan Melbourne and regional Victoria.179 This figure included revenue from off-airport car parking operators. About three-quarters of this total was received from private buses, which showed an approximate seven per cent increase from the previous year, while off-airport car parking increased by around 21 per cent.180

Taxis
Melbourne Airport received an increase in revenue from taxis of 2.1 per cent, to $5.4 million in 2015–16. Taxi access charges increased from $2.70 to $3.58 per pick-up in November 2016. According to the Airport, the increase was associated with a range of services provided for taxis, including holding areas, facilities within the airport for drivers (such as cafes, prayer rooms, rest rooms, car washing and cleaning services, as well as security systems for holding areas and taxi ranks, and the traffic management system).181

177 ibid., p. 105.
178 SkyBus began as a small family business (the Cowen Family) in 1978. It originally operated from a depot at Franklin Street in Melbourne City. In 1997 the government entered into ten year agreement with BTI Pty Ltd (trading as SkyBus) to operate an airport shuttle service, which gave SkyBus exclusive rights to operate from the CBD. In 2000 SkyBus commenced express services direct from Southern Cross station to Melbourne Airport. The government contract was amended in 2002 following the Melbourne Airport Transit Link project and the government’s decision not to proceed with the rail link. The contract was renewed for another five years in 2008. SkyBus was purchased by a consortium in September 2014. (SkyBus (2017) ‘About SkyBus’, SkyBus website; Auditor-General (2004) op. cit., p. 40.)
180 ACCC (2016) op. cit., p. 105.
181 ibid., pp. 105-106.
Comparative studies

This section provides a general overview of the discussion in the literature concerning landside access policies, and characteristics of airport transit links that have influenced airport travel choices.

Public transport policies

The MALAS comparison of a small sample of a cross section of airports with rail access and of similar size as Melbourne Airport, showed that rail patronage was particularly significant within highly congested Asian and European contexts, and lower for Australian and North American examples. In addition, the Asian and European examples showed a correlation between higher rail patronage and higher public transport use overall.\(^{182}\)

Statistics for airports overseas show Oslo to have the highest share of public transport users, at 62 per cent in 2012.\(^{183}\) European countries that pursue strong integrated transport policies commonly also do not permit bus/coach services to compete with airport rail services, as is the case in the Netherlands and Switzerland.\(^{184}\)

Distance/integration

The two major markets where an airport rail can predominantly win high market share are the city centre and the state/national market. For airports at some distance from the city centre, rail can offer faster and cheaper access.\(^{185}\) The MALAS comparison of case studies also stated that the most convincing determinant of rail patronage is distance from the CBD.\(^{186}\) The Productivity Commission, in its 2012 inquiry, also surmised that reliance on driving and parking at the airport could be attributed to distance from Melbourne city centre.\(^{187}\)

In the case of airports like Zurich and Amsterdam, well over 90 per cent of the market lies outside the city centre, and the extensive rail network functions as a feeder for the airport.\(^{188}\) The Melbourne Airport rail link would have to be effectively integrated into the regional rail network to provide the same degree of connectivity. The current ‘AirTrain’ proposal from Rail Futures Institute (an independent rail advocacy group) provides for an airport rail link which is integrated with the regional rail network, connecting regional centres such as Bendigo with Southern Cross Station via the Airport and Sunshine station. In this scenario, the airport becomes the ‘hub’ of the rail network.\(^{189}\)

Economic productivity

Analysis by Murakami, Matsui and Kato (2016), examined the relationship between airport rail links and economic productivity in 82 cities with the world’s 100 busiest airports (according to the Airports Council International (ACI) Annual Airport Traffic Report for 2012).\(^{190}\)

They state that airport managers and policymakers are faced with growing traffic volumes travelling to and from airport terminals generated by growth in air passengers as well as airport employees. One

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\(^{182}\) Sinclair Knight Merz (2012) op. cit., p. 88.
\(^{185}\) D. Ashley & Sinclair Knight Merz (2006) op. cit., p. 5.
\(^{186}\) Sinclair Knight Merz (2012) op. cit., p. 88.
\(^{188}\) D. Ashley & Sinclair Knight Merz (2006) op. cit., p. 7.
of the questions posed when examining rail link patronage levels—which remain weak in general—is why policy-makers are still willing to promote significant investments in airport rail links.\textsuperscript{191}

According to the authors, one of the rationales for such an investment that has received attention in the literature, is greater economic development.\textsuperscript{192} While traditional analysis has focused on direct benefit for travellers, this has shifted to the wider indirect benefits to non-travellers in associated industries, like construction. Recent thinking, however, has again shifted to wider economic benefits through sharing of a specialised and diverse workforce associated with lower transportation costs and accessibility. This facilitates knowledge spill-overs when firms and households relocate to take advantage of ‘agglomeration economies’. There has been the suggestion that the presence of public transit increases the number of knowledge and service industry based employees in the CBD who use the metropolitan-wide transit network. Such industries enhance the productivity of the metropolitan area itself.\textsuperscript{193} This may be reflected in the previously discussed 30-year Infrastructure Strategy linking the south-east knowledge based workforce with the CBD and the airport.\textsuperscript{194}

The model presented by Murakami, Matsui and Kato showed a noticeable positive relationship between cities with airport rail links and higher productivity per capita. According to their empirical findings, it is likely that cities with airport rail links have increased metropolitan-wide productivity due to lower local transportation and environmental costs, and improved accessibility to regional markets. This in turn offers a competitive advantage to businesses described as ‘aviation-oriented’ in global–local production systems.\textsuperscript{195}

According to the authors, the degree of ‘agglomeration benefits’ in the CBD produced by investment in airport rail links may still be debatable. It is likely, however, that cities with ‘world-class’ ground transportation infrastructure and services have also progressively promoted other competitive policies such as rezoning for urban regeneration, modernisation of airport terminals, high-speed rail investment, transport network integration, and congestion pricing schemes.\textsuperscript{196}

\textbf{Environmental factors}

A comparative study by Ison, Merkert and Mulley (2014) of UK and Australian public transport at airports, examined environmental factors—specifically CO\textsubscript{2} emission reduction—as a policy incentive for airports to reduce private vehicle access.\textsuperscript{197}

The study compared Australian and UK airport master plans and found that while UK airports focused on the environment and employee access, Australian airports were more supply driven, and focused on the management of air traffic growth and the resulting passenger growth and traffic congestion. The provision of car parking for travellers was the main feature in planning for passenger access at Australian airports. The authors conceded that Australian airports have less constraints on land use than their UK counterparts.\textsuperscript{198}

While UK airports have also been privatised since the 1980s, they are required, via the Airport Transport Forum (ATF), to prepare an Airport Surface Access Strategy (ASAS). One of the set objectives of the ASAS is to increase public transport access over five-year time periods, which is then reviewed

\textsuperscript{191} ibid., p. 90.
\textsuperscript{192} ibid.
\textsuperscript{193} ibid.
\textsuperscript{194} Infrastructure Victoria (2016) op. cit., p. 479.
\textsuperscript{195} ibid., p. 97.
\textsuperscript{196} ibid.
\textsuperscript{198} ibid., p. 269.
every five years. To this end, a majority of UK airports’ access plans include initiatives and targets to shift travel mode choice from private cars to public transport—using the internet and paper based means to effect behaviour change for the public and airport employees.

Airports in both the UK and Australia, however, share the same challenges in not having complete autonomy over ground access policy. For example, bus services in the UK are privatised, so while airports may encourage bus use, bus scheduling to coincide with employee shift patterns is outside the airport’s control. Melbourne Airport faces a similar challenge with public and private bus services, which possibly explains the high private car use by airport employees.

Australian airports are under federal control while public transport rests with the state. In the case of Sydney, the airport rail network, while part of a wider metropolitan network, was privately funded. An airport station access fee was imposed for the two airport stations and, until recently, stations on either side of the airport. Station access fees for non-airport stations were removed in March 2011 (with the private operator being recompensed by the state government) to make public transport access affordable, particularly for employees. This has led to increased patronage of the rail service. Sydney Airport itself would not have been able to initiate this change without state intervention—even if it had been in its own interest in terms of providing public transport access for airport employees and passengers (see below: further discussion on Sydney Airport rail link).

Public transport access does not generate direct revenue for airports in Australia. Revenue from taxi, private bus and car operators are negligible (approximately one per cent) and, unsurprisingly, of no commercial interest. In the UK, however, incentives to improve public transport share are part of the policy framework governing airports.

Other non-aeronautical sources of ground transport revenue, namely car parking, provide a significant revenue stream for airports—20 per cent in the case of Melbourne Airport. Interestingly, however, the authors note that Melbourne Airport, while having the highest share of car parking revenue and low public transport patronage, also has the most comprehensive and environmentally-focused ground transport plan. Non-aeronautical activities such as duty-free, speciality food and beverage shops are becoming important to Australian airports and as such generate up to 50 per cent of their revenue. Growing these revenue streams has led to increasing staff numbers at the airports and consequently, the inclusion of employee ground access plans for Melbourne and Sydney airports. Concern that car parking capacity may be working against their commercial interest, rather than regard for environmental traffic management, may motivate Australian airports to improve public transport mode share for their employees.

Ison, Merkert and Mulley conclude that Australian airports should be encouraged via policy incentives to reduce their carbon footprint—given Australia’s high CO₂ emissions per capita—by seeking to promote mode shifts to more sustainable forms of transport.

199 ibid., p. 268.
200 ibid., p. 272.
201 ibid.
202 ibid.
203 ibid.
204 See: A. Devic (2017) Melbourne Airport to become mini-Melbourne with celebrity restaurant precinct, shopping, theme parks and even sporting matches, Herald Sun, 19 June.
206 ibid., p. 273.
Passenger characteristics

One of the significant factors considered when investigating the feasibility of an airport rail link is the level of anticipated patronage. In their analysis of studies on ground access mode choices, Pasha and Hickman (2015) identified various passenger characteristics that influence how they choose to travel to or from the airport.\textsuperscript{207}

Airport ground access choice models are unlike traditional travel demand models. The authors identify some of the areas in which airport access models require attention, such as market segments that include:

- travellers on low-cost carriers; behaviours of people in different fare classes; and purpose of visits (business, social, or education);
- segments of the aging population (who may experience significant barriers to airport access); and
- other variables such as decisions dictated by weather, perceived reliability of the service and number of pieces of luggage.\textsuperscript{208}

Pasha and Hickman also point out that despite the high demand of air passengers in Australia, there is little research to date in comprehending air passenger mode choices in an Australian context.\textsuperscript{209}

\textsuperscript{207} M.M. Pasha & M. Hickman (2016) ‘Airport ground accessibility: review and assessment.’ In Australasian Transport Research Forum (ATRF), 38\textsuperscript{th}, 2016, Melbourne, Victoria.

\textsuperscript{208} ibid., pp. [11-12]

\textsuperscript{209} ibid.
Australian Airport rail links

Sydney and Brisbane airport rail links have operated since 2000 and 2001 respectively, while Perth’s airport rail link is currently under construction and is expected to be completed in 2020. At various stages in Victoria’s attempts to build a link, opponents of the proposal have pointed to Sydney and Brisbane as cautionary examples, and so it is of interest here to briefly examine their progress to date. Perth’s Forrestfield-Airport Link (FAL) is an example of a rail link being built to stimulate urban economic growth and activity, and integrate the transport network, rather than as a response to airport passenger growth.

Sydney

The Airport Line (formerly New Southern Railway) and stations were developed as a public-private partnership between the New South Wales government and a consortium of private investors, the Airport Link Company (ALC). The ALC was to design, construct, finance, lease and then operate and maintain the four stations—two suburban stations at Green Square and Mascot, and the international and domestic airport stations—for 30 years, at which point ownership would revert back to the state government. It was constructed in readiness for the Sydney Olympics in 2000.210

As discussed earlier, Sydney’s airport rail link struggled from the outset with declining patronage when it began operating in May 2000. This forced the ALC into receivership in January 2001, followed by compensation claims by the receivers against the state-owned RailCorp. The New South Wales government renegotiated station agreements with the receivers and settled the claim against RailCorp in October 2005. The terms of the settlement included payment to ALC of $106 million which was to be funded by paying ALC 85 per cent of fare revenues until the amount was extinguished.211

The 2005 Restated Stations Agreement allowed the ALC to set the station access fees.212 The fee was therefore not subject to regulation by the Independent Pricing and Regulatory Tribunal and applied to all four stations. In 2011, under a renegotiated agreement, the ALC removed the station usage fee from Green Square and Mascot stations with compensation paid by the New South Wales government in the form of a ‘shadow’ station usage fee. The new agreement also placed a cap on fares paid by Opal (multi-mode smartcard ticket) card holders who travelled to the airport more than once a week.213

In March 2014, the New South Wales Parliamentary General Purpose Standing Committee No. 3 tabled its report, titled Removing or reducing station access fees at Sydney Airport.214 This followed ongoing concerns about congestion around Sydney Airport that were highlighted in three reports: the federal–state Joint Aviation Study which stated that increased patronage of the airport rail link would be the best short term solution; the State Infrastructure Report; and a Productivity Commission report that stated the need to reduce access fees to alleviate congestion.215

Hon. Penny Sharpe speaking in parliament on the Committee’s report, noted that while patronage was increasing gradually, the station usage fee had always acted as a disincentive in the ‘chequered history’

215 Ibid., p. 2823.
of the airport rail link. Ms Sharpe further stated that the railway line from the airport was ‘grossly underutilised’, and that there was vast potential for reducing congestion around the airport through reduction of the access fee.\textsuperscript{216}

The 2005 Agreement set out an arrangement where the New South Wales government would receive a share of the revenue generated by the station usage fee once the ALC had covered its operating costs. By November 2014, the New South Wales Government was receiving 50 per cent of the revenue, and this was expected to rise further to 85 per cent by the end of that year.\textsuperscript{217}

\section*{Brisbane}

The Brisbane Airtrain is privately owned and operated by Airtrain Holdings Limited and provides rail services to Brisbane Airport. The airport rail link was constructed on a BOOT scheme and received no public sector funding. The Airtrain began operating in May 2001 under a commercial contract with the Queensland government to provide a rail service on the airport rail link until 2036.\textsuperscript{218}

The Airtrain struggled from the beginning with lower than estimated patronage levels. In 2008, the Airtrain was integrated into the suburban train network, TransLink. This was to enable the use of TransLink’s go card (a multi-mode electronic ticket) to improve passenger access.\textsuperscript{219} The 2012 Productivity Commission report showed that by 2010, the rail link had an estimated nine per cent share of airport passenger travel.\textsuperscript{220} In April 2013, Brisbane Airtrain was purchased by a United Kingdom subsidiary company, USS Axle.\textsuperscript{221}

While Airtrain owns the spur lines to the domestic and international airport stations,\textsuperscript{222} Brisbane Airport earns revenue from the train service under a rail corridor lease arrangement.\textsuperscript{223} There are no public bus services to the passenger terminals. The commercial bus operator, Con-x-ion offers door-to-door services to and from the CBD, Gold Coast and Sunshine Coast areas. The Airport provides access for taxis and ridesharing services (\textit{Uber}), and charges access fees for passenger pick-ups, but not for passenger drop-offs.\textsuperscript{224}

\section*{Perth}

Planning for Perth’s FAL began in 2008, ostensibly to connect Perth’s growing eastern suburbs to the suburban rail network, and to improve access between the city and Perth Airport (located east of the city). In order to determine the route, population growth patterns, projected demand, and economic and development plans in place at that time were considered, as well as the potential for the rail network to stimulate economic activity in Perth’s eastern and south-eastern suburbs. It was also intended to be integrated with the bus feeder networks in the eastern suburbs.\textsuperscript{225}

\begin{thebibliography}{99}
\bibitem{217} N. McLaren-Jones (2014), op. cit., p. 2821.
\bibitem{220} Productivity Commission (2012) op. cit., p. 257.
\bibitem{221} (2013) Airtrain sold to UK fund, \textit{Business News Australia}, 3 April
\bibitem{223} ACCC (2016) op. cit., 74.
\bibitem{224} ibid., p. 73.
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The FAL project was a 2013 state election commitment of the Liberal National Government. A detailed assessment process followed for the most appropriate station locations. The project received government approval in August 2014, and enabling legislation, the *Railway (Forrestfield-Airport Link) Act 2015* (WA), was passed in October 2015.\(^\text{226}\)

Funding was provided for the project by the state government (a total of $1.47 billion) and federal government (a total of $490 million). The contract for construction and a ten-year maintenance project was awarded to Salini Impregilo-NRW Joint venture. Construction commenced in November 2016, and is expected to be completed by 2020.\(^\text{227}\)

Prior to the March 2017 state election, the Liberal National Government had endorsed plans for mixed-use development within the FAL Belmont and Forrestfield rail station precincts.\(^\text{228}\)

### Conclusion

This paper has drawn together reasoning and policies over time that motivated various Victorian governments to propose, plan and postpone construction of a rail link to Melbourne Airport.

Patronage levels to offset the costs to build appears to have been one of the major disincentives. Examples discussed above have shown the complexity in addressing the challenge of balancing the priorities of convenience for passengers, commercial interests of airports, and budgets and policies of governments. In the case of Sydney’s airport rail link, pressure to address ‘gridlock’ has seen the incremental restructuring of the ticketing system which has resulted in increased patronage.

Rail links around the world have been constructed for many reasons: to reduce the environmental impact of transport, stimulate economic growth, develop the role of the airport as a transport ‘hub’ for state-wide transport networks, and promote public transport policies.

Supporters for the rail link over the years have argued that Melbourne’s airport rail link could potentially fulfil a number of these roles. Accommodating Melbourne’s growing and increasingly mobile population (for work and leisure) and avoiding ‘gridlock’ while delivering the ‘20-minute’ journey time envisioned in 1965, may ultimately be enough of an incentive for Victoria.

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